

# Employing Your Children - Tax Guide



## Overview

This is a quick summary how you can employ your children to grow your business and benefit from a tax deduction.

## Key Points

- Parent owners of LLC, Sole proprietorship or spousal partnership can hire their own children and have a legitimate business tax deduction at the end of tax year.
- Payments made to your children who are younger than 18 years old **are not** subject to Social Security and Medicare taxes.
- Payments for the services of a child under age 21 are not subject to (FUTA) tax.
- If you pay your child a single standard deduction for the year - it would not be a subject to income tax withholding for a child. (Ex. Single standard deduction for 2022 was \$12,950).

## Relevant Resources

[Family Help | Internal Revenue Service \(irs.gov\)](#)



For more info on this topic please contact us at [contact@optimustaxaccounting.com](mailto:contact@optimustaxaccounting.com) or call at 630-425-8855.